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NSC BRIEFING

3 December 1953

NORTH KOREAN INTEGRATION INTO THE BLOC

- I. Moscow and Peiping have taken numerous steps since the truce to further integrate North Korea into the Orbit, indicating that the Communists are not planning for the unification of Korea. The bloc likewise appears to be mobilizing to rehabilitate NK quickly as a practical demonstration of Communists' achievement.
- II. On 8 August the USSR offered North Korea a \$250,000,000 grant "for the restoration of Korea's national economy."
 - A. The aid was to be given to the Songjin steel works, the Nampo coal mine, the Hungnam chemical works, the Suiho hydroelectric plant, the Mortrans shipping company, the Wonsan oil refinery, and similar plants.

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- B. The Yalu power plants send 50% of their power into Manchuria, the Wonsan refinery and Mortrans and jointly owned by the USSR and North Korea, the Songjin mill makes steel ingots which North Korea cannot fabricate, and the Hungnam chemical plant sends much of its output to the USSR.
- C. Soviet emphasis on rebuilding heavy industry appears directed toward meeting Soviet requirements and, in long run, conflicts with legitimate North Korean needs for development of a balanced, self-sufficient economy.

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D. In view of the virtual destruction of North Korean heavy industry, there is no justification for rebuilding it in the prewar pattern except to make certain it continues to feed into some Communist industrial complex in Manchuria or the Soviet Far East.

III. North Korea has also signed technical and economic agreements with several of the Eastern European satellites.

A. Bulgaria, Rumania, Czechoslovakia, and Poland have concluded such agreements with Pyongyang during October and November.

IV. Communist China has furthered the integration of North Korea into the Orbit.

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- A. On 23 November, the Sino-Soviet economic and cultural pact was signed at Peiping providing \$350,000,000 in aid through 1957 and writing off the entire North Korean war debt.
- B. Under the pact, China will send coal, clothes, cotton, food, construction materials, fishing vessels, transportation equipment, metal products, farm implements, paper, and stationery to North Korea.
- C. China also promised to help repair the North Korean rail net, which Peiping controls and operates through a joint CCF-NKA railroad bureau, and to supply Pyongyang with railroad rolling stock.

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V. The Chinese have apparently sent large numbers of construction workers into North Korea since the truce to alleviate the latter's critical manpower shortage.

A. As many as 40,000 Chinese railway workers have been reported in North Korea in recent months.

B. About 1 August, 54,000 construction workers arrived from Manchuria and the Pyongyang press said this number would eventually reach 100,000.

C. In addition to restoring such vital installations as railroads and airfields, this influx of Chinese will enable North Korea to carry out any army buildup, which is apparently under way.

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VI. Despite Rhee's assertion that the Chinese are "colonizing" the north, there are no firm indications that Chinese are being permanently infused into North Korea's civilian population.

- A. Actually, some reports suggest that most Chinese nationals were ordered back to China early in 1953 due to their political unreliability.
- B. While the replacement of these Chinese with thoroughly indoctrinated newcomers would be logical if Chinese want to increase their influence.
- C. Integration of Chinese military personnel into North Korea army possible, but less likely since the Chinese would probably not accept a subordinate position to the North Koreans.

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VII. Communist tactics at the preliminary Panmunjom talks do not indicate a willingness to see Korea unified in the near future.

A. Communist propaganda, which formerly stressed that Korean problems could best be solved by the Korean people themselves, now emphasizes the "historic friendship" and "militant comradeship" of Korea and China and that the "destiny" of the Chinese and Korean peoples is closely tied together.

B. Communist negotiators at Panmunjom continue to insist on Russian participation, together with four other "Asian neutrals," and to oppose all efforts to bind the USSR to conference decisions.

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C. Ambassador Dean has reported that the Communists have little intention to hold a conference at this time, or to reach substantive decisions on the Korean questions.

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